

**CITY OF FERNDALE**

**REPORT ON AUDIT OF THE TRANSPORTATION FUND**

For the Year Ended June 30, 2021

**CITY OF FERNDALE**

**TABLE OF CONTENTS**

For the Year Ended June 30, 2021

	<b>PAGE</b>
Independent Auditors' Report	1
Comparative Statement of Assets, Liabilities and Fund Balance - Modified Cash Basis - Recorded in the Transportation Fund	3
Statement of Revenues, Expenditures and Changes in Fund Balance - Modified Cash Basis - Recorded in the Transportation Fund	4
Notes to Financial Statements	5



# ANDERSON, LUCAS, SOMERVILLE & BORGES, LLP

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DAVID A. SOMERVILLE, INACTIVE

### INDEPENDENT AUDITORS' REPORT

Board of Directors  
Humboldt County Association  
of Governments  
611 I Street, Suite B  
Eureka, CA 95501

We have audited the accompanying financial statements of the Transportation Fund of the City of Ferndale as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Transportation Fund of the City of Ferndale as of June 30, 2021 and 2020, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Transportation Fund and do not purport to, and do not present fairly the financial position of the City of Ferndale as of June 30, 2021 and 2020, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other**

Our audit was also made for the purposes of determining compliance with the Transportation Development Act Sections 99234, 99400 (a), and 99260.7, the California Administrative Code and the rules and regulations of the Humboldt County Association of Governments. In our audit we performed to the extent applicable, the tasks contained in Sections 6666 and 6667 of the California Administrative Code.

In our opinion, the funds described above were expended in conformance with applicable laws, rules, and regulations of the Transportation Development Act and the allocation instructions of the Humboldt County Association of Governments.

*Anderson, Lucas, Somerville, & Borges*

October 25, 2021  
Fortuna, California

CITY OF FERNDALE

TRANSPORTATION DEVELOPMENT ACT FUNDS  
 COMPARATIVE STATEMENT OF ASSETS, LIABILITIES  
 AND FUND BALANCE - MODIFIED CASH BASIS

Pertaining to Section 99400(a) of the Public Utilities Code

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash	\$218,093	\$261,331
TDA claim receivable	<u>0</u>	<u>22,492</u>
<b>TOTAL ASSETS</b>	<b><u>\$218,093</u></b>	<b><u>\$283,823</u></b>
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ <u>0</u>	\$ <u>0</u>
<u>Total Liabilities</u>	\$ <u>0</u>	\$ <u>0</u>
Fund Balance:		
Restricted:		
Other	\$ 9,531	\$ 9,531
Streets	<u>208,562</u>	<u>274,292</u>
<u>Total Fund Balance</u>	<u>\$218,093</u>	<u>\$283,823</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$218,093</u></b>	<b><u>\$283,823</u></b>

See accompanying notes to financial statements.

CITY OF FERNDALE

TRANSPORTATION DEVELOPMENT ACT FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS

Pertaining to Sections 99400(a) of the Public Utilities Code

For the Year Ended June 30, 2021

With Comparative Amounts for the Year Ended June 30, 2020

	2021		Variance	2020
	<u>Budget</u>	<u>2021 Actual</u>	<u>Favorable (Unfavorable)</u>	<u>Actual</u>
<b>REVENUES</b>				
Intergovernmental:				
Allocations - TDA	\$ 44,642	\$ 47,391	\$ 2,749	\$ 52,492
Miscellaneous:				
Interest	0	1,176	1,176	3,435
<u>Total</u>	<u>\$ 44,642</u>	<u>\$ 48,567</u>	<u>\$ 3,925</u>	<u>\$ 55,927</u>
<b>EXPENDITURES</b>				
Street and road repairs	\$ 750	\$ 309	\$ 441	\$ 2,401
Vehicle operation and maintenance	7,550	5,949	1,601	7,014
Wages and benefits	34,316	29,811	4,505	27,888
Contractual services	0	71,850	(71,850)	0
Other maintenance and repairs	550	110	440	841
Utilities and other expenses	7,823	6,268	1,555	5,586
<u>Total</u>	<u>\$ 50,989</u>	<u>\$ 114,297</u>	<u>\$ (63,308)</u>	<u>\$ 43,730</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (6,347)</b>	<b>\$ (65,730)</b>	<b>\$ (59,383)</b>	<b>\$ 12,197</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b><u>283,823</u></b>	<b><u>283,823</u></b>	<b><u>0</u></b>	<b><u>271,626</u></b>
<b>FUND BALANCE - END OF YEAR</b>	<b><u>\$277,476</u></b>	<b><u>\$ 218,093</u></b>	<b><u>\$ (59,383)</u></b>	<b><u>\$283,823</u></b>

See accompanying notes to financial statements.

**CITY OF FERNDALE**

**TRANSPORTATION DEVELOPMENT ACT FUNDS  
NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2021

**NOTE 1 - REPORTING ENTITY:**

These financial statements consist only of the Transportation Fund of the City of Ferndale. This governmental-type Special Revenue Fund accounts for various street-related activities provided by the City, and is financed with Transportation Development Act (TDA) monies.

**NOTE 2 - BASIS OF ACCOUNTING:**

The Transportation Fund of the City of Ferndale is accounted for using the modified cash basis of accounting whereby revenues are recognized when collected rather than when earned, and expenditures are recognized when paid rather than when incurred, other than certain TDA receivables and payables.

**NOTE 3 - DESCRIPTION OF SERVICES:**

Under Section 99400(a) of the Transportation Development Act, the City of Ferndale claims and expends funds in order to provide an ongoing road maintenance and repair program which is partially funded with TDA monies.

**NOTE 4 - USE OF ESTIMATES:**

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.